Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

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64
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FM AMCONSUL PARAMARIBO
TO SECSTATE WASHDC 1531
INFO AMEMBASSY THE HAGUE
AMCONSUL CURACAO
AMCONSUL MARTINIQUE

C O N F I D E N T I A L SECTION 1 OF 2 PARAMARIBO 015

E.O. 11652: GDS
TAGS: PINT, NS
SUBJECT: PRELIMINARY ASSESSMENT OF THE NEW GOVERNMENT OF SURINAM

REF: STATE 242531

1. SUMMARY. ALTHOUGH SOME KEY APPOINTMENTS ARE STILL TO BE MADE AND MAJOR POLICY QUESTIONS NOT YET SETTLED, AT LEAST A PARTIAL, TENTATIVE ASSESSMENT OF THE NPK-COALITION GOVERNMENT IS POSSIBLE. THE NEW GOVERNMENT REPRESENTS AN APPRECIABLE SHIFT TO THE LEFT FROM THE PREVIOUS PRO-BUSINESS GOVERNMENT. JUST HOW FAR LEFT WILL DEPEND ON HOW MUCH INFLUENCE THE NATIONALISTIC REPUBLIC PARTY (PNR), LED BY ECONOMICS MINISTER EDDY BRUMA, SUCCEEDS IN GARNERING. SO FAR THE PNR HAS DONE QUITE WELL FOR ITSELF AND WILL PROBABLY CONTINUE TO EXPAND ITS INFLUENCE, WHILE DOWNPLAYING THE MORE RADICAL PORTIONS OF ITS PROGRAM, SUCH AS IMMEDIATE INDEPENDENCE AND EXPROPRIATION OF KEY INDUSTRIES, UNTIL ITS POWER IS CONSOLIDATED. INVESTORS SHOULD TAKE A WAIT AND SEE POSITION UNTIL THE ATTITUDE OF THE GOVERNMENT BECOMES CLEARER.
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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

WM THE NEW GOVERNMENT IS PRO-INDEPENDENCE BUT HAS NOT YET WORKED OUT FIRM PLANS REGARDING THE TIMING AND FORM OF INDEPENDENCE. IT SEEMS LIKELY THAT THE GOVERNMENT WILL PROCEED WITH THE REALM COMMISSION, ALTHOUGH FOLLOWING A SOMEWHAT LESS LEISURELY SCHEDULE THAN HERETOFORE, AND THAT INDEPENDENCE COULD COME IN THE 3RD OR 4TH YEAR OF THIS ADMINISTRATION, 1976 OR 1977.

3. DESPITE PROGNOSTICATIONS TO THE CONTRARY, THE NPK COALITION IS LIKELY TO CONTINUE IN POWER, IN LARGE PART BECAUSE THE ONLY OTHER ALTERNATIVE, A COALITION WITH THE HINDUSTANI VHP IS NOT ACCEPTABLE TO MOST CREOLES AND MANY OTHER NON-HINDUSTANIS. END SUMMARY.

4. THE FOLLOWING ASSESSMENT OF THE NEWLY EMPOWERED GOS SHOULD BE REGARDED AS TENTATIVE AND PROVISIONAL. THE CABINET HAS ONLY RECENTLY BEEN SEATED AND SOME KEY SECOND TIER POSITIONS HAVE YET TO BE FILLED. ALSO, THE OUTCOME OF THE PULLING AND HAULING ON VITAL MATTERS OF ECONOMIC POLICY WHICH IS CERTAIN TO TAKE PLACE BETWEEN THE COMPONENT PARTIES OF THE NPK-COALITION IS DIFFICULT TO FORESEE. NEVERTHELESS, SOME PRELIMINARY CONCLUSIONS SEEM REASONABLE.

5. BY ANY DEFINITION THIS GOVERNMENT IS MORE LEFTIST THAN ITS PREDECESSOR, WHICH WAS ESSENTIALLY A GOVERNMENT OF AND FOR BUSINESSMEN. THE PNR, WHICH WILL HAVE A STRONG AND POSSIBLY COMMANDING VOICE IN THE NEW GOVERNMENT, HAS LONG ADVOCATED THE EXPROPRIATION OF KEY, ESPECIALLY EXTRACTIVE, INDUSTRIES. SINCE THE BEGINNING OF THE ELECTION CAMPAIGN, HOWEVER, THE PNR HAS ADOPTED A TACTIC OF SOFT-PEDALLING ITS LESS PALATABLE PROGRAMS, SUCH AS NATIONALIZATION AND IMMEDIATE INDEPENDENCE, IN THE INTERESTS OF MORE IMMEDIATE GOALS, SUCH AS CONSOLIDATING THE NPK-COALITION AND STRENGTHENING THE PNR'S LEADERSHIP POSITION IN THE COALITION. APPARENTLY, BRUMA'S OWN CALCULATIONS ARE THAT IT WILL TAKE AT LEAST TWO YEARS TO CONSOLIDATE THE PNR'S POSITION IN THE GOVERNMENT AS THE LEADING SPOKESMAN AND DEFENDER FOR CREOLES BEFORE PUSHING ON TO MORE STRUCTURAL CHANGES. BRUMA REPORTEDLY BELIEVES 1976, THE THIRD YEAR OF THIS ADMINISTRATION, WILL BE CRUCIAL, ESPECIALLY REGARDING THE FORM AND MANNER IN WHICH SURINAM
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WILL ACHIEVE INDEPENDENCE. IN HIS OPINION KEY DECISIONS WILL BE MADE THAT YEAR AND HE HAS, FOR EXAMPLE, MODIFIED HIS AIM OF CONTROLLING THE KEY CHAIRMANSHIP OF THE STATEN IN 1975 TO 1976. DEPENDING ON THE DEGREE OF SUCCESS WHICH THE PNR MEETS, THIS TIME FRAME COULD CONCEIVABLY BE SHORTENED.

6. THUS FAR THE PNR'S SUCCESS HAS BEEN CONSIDERABLE. AS A RESULT OF THE NPK'S VICTORY, THE PNR HAS INCREASED ITS PRESENCE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

FROM A SINGLE OPPOSITION STATEN SEAT TO FIVE STATEN SEATS AND THREE CABINET POSITIONS. IN ADDITION, AS MANY AS SIX NEWLY ELECTED NPS STATEN MEMBERS MAY BE STRONGLY INCLINED TOWARD PNR VIEWS AND A FOURTH CABINET MEMBER, EDUCATION MINISTER VENETIAAN, HAS LONG BEEN IDENTIFIED WITH PNR AND ONLY RECENTLY BECAME A MEMBER OF THE NPS. THE PNR WILL PROBABLY DO EQUALLY WELL IN FILLING MORE THAN ITS SHARE OF KEY SECOND-TIER POSITIONS.

7. SINCE THE INVESTITURE OF THE GOVERNMENT ON DECEMBER 24, THE PNR HAS CONTINUED TO MOVE FAST. ECONOMICS MINISTER (AND PNR CHAIRMAN) EDDY BRUMA HAS VIRTUALLY DOMINATED THE NEWS WITH A SERIES OF TOUGH TALKING SESSIONS WITH BUSINESSMEN TO TRY TO ROLL BACK BREAD AND RICE PRICES. IN BUSINESS AND ECONOMIC CIRCLES THE EXPECTATION IS THAT THERE WILL BE A PRICE ROLLBACK, MADE POSSIBLE BY DIRECT GOVERNMENT SUBSIDY OF THESE COMMODITIES. WHILE THIS SOLUTION MAY NOT EDIFY CLASSICAL ECONOMISTS, IT WILL BE EXTREMELY GRATIFYING TO WORKING CLASS CREOLES, THE NPK'S ELECTORATE, WHO WILL THANK BRUMA FOR THIS RELIEF.

8. IN SHORT, THE PNR WILL CONCENTRATE ON BUILDING ITS POWER BASE BEFORE STRIKING OUT ON ANY ADVENTUROUS COURSE. IT BODES WELL TO BE SUCCESSFUL. COMPARED TO THE OTHER PARTIES IN THE COALITION WHICH ARE COMPOSED BY CAREERIST POLITICIANS OR WELL INTENTIONED CITIZENS, MOTIVATED BY NO PARTICULAR PHILOSOPHY, THE PNR HAS AN IDEOLOGY AND HAS OVER THE YEARS FOLLOWED A CONSISTENT LINE OF NATIONALISM, INDEPENDENCE FROM HOLLAND "NOW," AND AN UNDIFFERENTIATED SOCIALISM WITH REVOLUTIONARY OVERTONES. THE PNR HAS ALSO CARRIED OUT A REGULAR INDOCTRINATION PROGRAM FOR ITS FOLLOWERS FOR AT LEAST THE PAST TEN YEARS, THE ONLY PARTY IN SURINAM TO DO SO. AS A RESULT THE PNR POSSESSES A RELATIVELY LARGE NUMBER OF TRAINED CADRES WHICH GIVE IT MUCH INFLUENCE ON THE STREET AND IN LABOR ORGANIZATIONS. PNR
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PAGE 04 PARAMA 00015 01 OF 02 120130Z

INFLUENCE IS PREDOMINANT IN TWO OF SURINAM'S FOUR LABOR FEDERATIONS; C-47 AND CLO.
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PAGE 01 PARAMA 00015 02 OF 02 131008Z

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

15
ACTION ARA-20

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

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SS-20 USIA-15 AID-20 EB-11 OMB-01 IO-14 COME-00 SIL-01

LAB-06 DRC-01 /177 W
---------- 088886
R 111650Z JAN 74
FM AMCONSUL PARAMARIBO
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INFO AMEMBASSY THE HAGUE
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AMCONSUL MARTINIQUE

C O N F I D E N T I A L SECTION 2 OF 2 PARAMARIBO 015

9. THERE HAVE BEEN MANY DOUBTS EXPRESSED ABOUT THE SURVIVAL POTENTIAL OF THIS COALITION, PRIMARILY BASED ON SPECULATION THAT THE TWO MAJOR PARTNERS, THE NPS AND PNR, SEEM INCOMPATIBLE AND THAT THE NPS WOULD MOVE TO DISEMBARRASS ITSELF OF THE PNR IN FAVOR OF A COALITION WITH THE VHP. THE POST BELIEVES THAT THESE DOUBTS AND SPECULATIONS ARE BASED LARGELY ON WISHFUL THINKING AND THAT THIS GOVERNMENT WILL PROBABLY LAST OUT ITS 4-YEAR TERM.

10. SERIOUS STRAINS DO EXIST BETWEEN THE TWO PARTIES AND THERE IS DISTRUST ON BOTH SIDES. NPS LEADERS HAVE LONG BEEN WELL AWARE THAT THE PNR'S LONG TERM GOAL IS TO REPLACE THE CENTRIST NPS AS THE LEADING CREOLE PARTY AND THAT THE PNR HAS BEEN WORKING HARD AT ACHIEVING THIS GOAL. THE PNR ON THE OTHER HAND IS WITHOUT ILLUSION THAT THE PURPOSE OF MOST NPS CONSERVATIVES WAS TO MAKE USE OF THE PNR DURING THE ELECTIONS AND SPLIT AS SOON AS POSSIBLE AFTERWARD. IT WILL BE EXTREMELY DIFFICULT HOWEVER FOR NPS CONSERVATIVES TO BRING ABOUT SUCH A SPLIT, EVEN WITH OUTSIDE HELP FROM THE VHP, UNLESS BRUMA WERE TO MAKE A FOOLISH MISTAKE WHICH WOULD PROVIDE A DEFENSIBLE CAUSE FOR DISSOLVING THE COALITION. BRUMA IS AWARE OF THIS CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARAMA 00015 02 OF 02 131008Z

DANGER AND IS NOT LIKELY TO COMMIT ANY SUCH ERROR.

11. THE NPK COALITION WAS ELECTED BY A WIDE MARGIN LARGELY AS A RESULT OF WIDELY HELD FEELING AMONG MOST CREOLES, AND MANY OTHERS, AGAINST HINDUSTANIS IN GENERAL AND THE VHP IN PART-ICULAR. A SPLIT IN THE NPK-COALITION COULD ONLY CULMINATE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

IN AN NPS-VHP COALITION. AN ATTEMPT TO CARRY OUT SUCH AN OPERATION WOULD PROBABLY BE FRUSTRATED BY MASSIVE POPULAR RESISTANCE LED BY PNR ACTIVISTS, UNLESS BRUMA WERE TO PROVIDE THE NPS WITH AN EXCUSE FOR A SPLIT. SUCH AN EXCUSE COULD BE PROVIDED IF THE PNR WERE TO BEGIN TO PREMATURELY ACT OUT ITS PROGRAM OF IMMEDIATE INDEPENDENCE AS A REPUBLIC OUTSIDE THE REALM; NATIONALIZATION; AND A SHARP SHIFT AWAY FROM WESTERN-ORIENTED FOREIGN POLICY POSITIONS. BRUMA IS NOT LIKELY TO ATTEMPT ANY OF THESE THINGS UNTIL HE BELIEVES THE TIME IS RIPE.

12. ONE FACTOR IN THE EQUATION WHICH IS NOT ENTIRELY CLEAR AS YET IS THE STRENGTH OF THE OPPOSITION, THE VHP. ON THE FACE OF IT THE VHP IS IN A RELATIVELY STRONG POSITION IN THE STATEN, FORMING A POWERFUL, SEEMINGLY MONOLITHIC MINORITY OF 17, ALMOST ALL EXPERIENCED PARLIAMENTARIANS, AGAINST 22 NPK-BLOC STATEN MEMBERS OF THE FOUR COALITION PARTIES, ALL BUT ONE OF WHOM ARE ROOKIES. IN FACT, HOWEVER, ALTHOUGH THE GOVERNMENT MAJORITY MAY NOT PUT ON A DISTINGUISHED PERFORMANCE, IT IS NOT LIKELY TO SUFFER DEFECTIONS, AND THE GOVERNMENT SHOULD BE ABLE TO COUNT ON AN EFFECTIVE MAJORITY, PROVIDING LEADERSHIP FROM OUTSIDE IF NECESSARY. THE VHP HAS BEEN RELATIVELY QUIET SINCE THE NOVEMBER 19 ELECTION. THERE IS SPECULATION THAT THE UNEXPECTED DEFEAT AT THE POLLS MAY HAVE WEAKENED VHP CHAIRMAN LACHMON'S PREEMINENT POSITION IN THE PARTY AS A RESULT OF LESSENED CONFIDENCE IN HIS LEADERSHIP. VHP LEADERS PRIVATE-LY HAVE BLAMED LACHMON'S COMPLACENCY FOR THE ELECTION DEFEAT AND HAVE COMPLAINED ABOUT ADVICE AND WARNINGS NOT TAKEN. OTHERWISE, THERE HAVE BEEN NO INDICATIONS OF DISSATISFACTION, ALTHOUGH SIGNIFICANT DISSENSION WOULD BE DIFFICULT TO DISCERN IN A PARTY LIKE THE VHP, WHICH HAS NEITHER INTERNAL ELECTIONS, NOR FORMALLY CONSTITUTED GOVERNING BODIES, NOR PRESS ORGANS.

13. IN VIEW OF THE FOREGOING IT IS CLEAR THAT THE INVEST-MENT CLIMATE HAS WORSENED SINCE THE LAST GOVERNMENT. NEW FOREIGN INVESTORS CAN EXPECT TO MEET WITH A TOUGHER, MORE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PARAMA 00015 02 OF 02 131008Z

DEMANDING ATTITUDE FROM THE MINISTER OF ECONOMIC AFFAIRS, IN LINE WITH HIS OVERALL NATIONALIST STANCE. IN ADDITION, THERE IS THE PROSPECT THAT WHEN THE PNR HAS INCREASED ITS POWER, THE GOVERNMENT WILL BEGIN TO MOVE TOWARD A POLICY OF EXPROPRIATION OF LARGE INDUSTRIES. IN ADDITION, A BOOST IN CORPORATION INCOME TAXES TO HELP FINANCE INCREASED SOCIAL SECURITY COSTS IS LIKELY SOMETIME DURING THE NEXT TWO YEARS.

14. THE POST BELIEVES THAT NEW INVESTORS SHOULD TAKE A "WAIT AND SEE" ATTITUDE BEFORE MAKING LARGE INVESTMENTS IN SURINAM. LOCAL BUSINESSMEN GENERALLY APPEAR TO BE FOLLOWING THIS DICTUM, AND HAVE SINCE BEFORE THE ELECTION. SURALCO'S MANAGING DIRECTOR SAYS THE COMPANY HAS ABOUT DOLS 30 MILLION

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

IN INVESTMENTS ALREADY COMMITTED AND THAT WHILE IT HAS NO
PRESENT INTENTION TO CANCEL ANYTHING NOW IN THE PIPELINE,
NEITHER WILL IT MAKE ANY NEW INVESTMENTS UNTIL IT FEELS MORE
ASSURED ABOUT THE FUTURE.
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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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